

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited accounts for the year ended 31st December 2000.

CHANGE OF NAME

By a special resolution passed at an Extraordinary General Meeting held on 8th December 2000, the Company changed its name from GITIC Enterprises Limited to INNOMAXX Biotechnology Group Limited. The change became effective on 23rd December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are set out in note 11 to the accounts.

An analysis of the turnover and operating results by principal activities and geographical areas of operations is set out in note 3 to the accounts.

RESULTS AND APPROPRIATIONS

The consolidated results for the year ended 31st December 2000 are set out on page 15.

The Directors do not recommend the payment of a dividend in respect of the year ended 31st December 2000.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 10 to the accounts.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 16 to the accounts.

There is no provision for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda in relation to issue of new shares by the Company.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 17 to the accounts.

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DIRECTORS

The Directors of the Company during the year and at the date of this report are:

Chen Qiao	
Tong Nai Kan	(appointed on 9th May 2000)
Lam Cheung Shing, Richard	(appointed on 9th May 2000)
Leung Wai Kwan	(appointed on 9th May 2000)
Lau Park To, Patrick	(appointed on 9th May 2000)
Cheung Ming Man	(appointed as independent non-executive Director on 23rd May 2000 and as executive Director on 5th March 2001)
Tang Tin Sek*	(appointed on 28th May 2000)
Ko Ming Tung, Edward*	(appointed on 5th March 2001)
Lam Yau Pui	(resigned on 10th April 2000)
Mai Zhinan	(resigned on 9th May 2000)
Liu Zhiqiang	(resigned on 9th May 2000)
Wen Zhanbin	(resigned on 9th May 2000)
Lau Hon Chuen, Ambrose*	(resigned on 23rd May 2000)
Ngai Shiu Kit*	(resigned on 28th May 2000)

* Independent non-executive Directors

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr Ko Ming Tung, Edward retires at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

In accordance with Bye-law 87 of the Company's Bye-laws, Messrs Lam Cheung Shing, Richard and Cheung Ming Man retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The current Directors of the Company do not have any service contracts with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Under the terms of the Company's share option scheme (the "Scheme") approved by the shareholders on 11th March 1997, the Directors of the Company may, at their discretion, offer any employees (including any Directors) of the Company or of any of its subsidiary companies options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme. At 31st December 2000, the Directors of the Company, including those resigned during the year, had the following interests in options granted under the Scheme:

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DIRECTORS' INTERESTS (continued)

Name	Date granted	Period during which options are exercisable	Consideration paid for the options granted <i>HK\$</i>	Price per share to be paid on exercise of options <i>HK\$</i>	Number of options granted but not yet exercised
Mai Zhinan	15th November 1997	15th May 1998 to 8th May 2002	1.00	1.31	5,500,000
	10th February 1998	10th August 1998 to 8th May 2002	1.00	0.68	500,000
Lam Yau Pui	15th November 1997	15th May 1998 to 9th April 2002	1.00	1.31	2,500,000
					8,500,000

Apart from the foregoing, at no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the Directors of the Company or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31st December 2000 and as far as the Directors are aware, the register of substantial shareholders of the Company maintained under Section 16(1) of the Securities (Disclosure of Interest) ("SDI") Ordinance shows that the following shareholders had an interest of 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Number of shares	Percentage
Sunberry Investments Limited ("Sunberry")	155,546,482	32.09
U-Cyber Technology Holdings Limited (formerly Tak Wing Investment (Holdings) Limited) ("U-Cyber") (<i>Note 1</i>)	155,546,482	32.09
GITIC Holdings (BVI) Limited ("GITIC Holdings")	128,800,000	26.57
Guangdong International Trust & Investment Corporation Hong Kong (Holdings) Limited (In Creditors' Voluntary Liquidation) ("GITIC Hong Kong") (<i>Note 2</i>)	128,800,000	26.57
Guangdong International Trust & Investment Corporation (In Liquidation) ("GITIC") (<i>Note 3</i>)	128,800,000	26.57

Notes:

- (1) Sunberry is a wholly owned subsidiary company of U-Cyber. In accordance with the SDI Ordinance, the interests of Sunberry are deemed to be, and have therefore been included in, the interests of U-Cyber.
- (2) GITIC Holdings is a wholly owned subsidiary company of GITIC Hong Kong. In accordance with the SDI Ordinance, the interests of GITIC Holdings are deemed to be, and have therefore been included in, the interests of GITIC Hong Kong.
- (3) GITIC Hong Kong is a wholly owned subsidiary company of GITIC. In accordance with the SDI Ordinance, the interests of GITIC Hong Kong are deemed to be, and have therefore been included in, the interests of GITIC.

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CONNECTED TRANSACTION

During the year, the Group purchased two motor vehicles from Tradextend Investments Limited and Linking Investment Limited, both of which are beneficially owned by Mr Tong Nai Kan, the Chairman and Managing Director and substantial shareholder of the Company, or his associates, at a consideration of HK\$900,000 and HK\$800,000 respectively. The prices were arrived at with reference to valuations by an independent automobile company. This transaction constitutes a connected transaction under the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and an announcement of the transaction has been published on 29th June 2000.

The board of Directors including the independent non-executive Directors, Mr Cheung Ming Man and Mr Tang Tin Sek, has reviewed this transaction and, based on information supplied by the Company concluded that such transaction was conducted in the ordinary and usual course of business of the Group and on normal commercial terms that were fair and reasonable so far as the shareholders of the Company were concerned.

DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

Mr Tong Nai Kan, Chairman and Managing Director of the Company, who owns several investment properties in Hong Kong, may compete with the Company’s business. Having considering the location and nature of the properties, the portfolio of the properties owned by Mr Tong is of a different nature and category. In addition, given that the Company’s new direction and strategy of migrating into biotechnology business area, which are defined by the Board as a whole, there is no conflict of interest between Mr Tong’s participation in his personal investment and his role as a Director of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company’s shares during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover during the year attributable to the Group’s five largest customers was 64% of the Group’s total turnover, of which 18% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group’s five largest suppliers was 67% of the Group’s total purchases of revenue and services, of which 30% was made from the largest supplier, Guangdong International Building Enterprises Company Limited, a former fellow subsidiary company.

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MAJOR CUSTOMERS AND SUPPLIERS (continued)

None of the Directors, their associates or any shareholder who to the knowledge of the Directors owns more than 5% of the Company's share capital has an interest in the suppliers or customers disclosed above, except for the largest supplier.

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by this annual report, except that the new audit committee was not established until 15th August 2000, after the resignation of Mr Lau Hon Chuen, Ambrose and Mr Ngai Shiu Kit as independent non-executive Directors on 23rd May and 28th May 2000 respectively.

AUDIT COMMITTEE

A new audit committee (the "Committee") was established on 15th August 2000. Our two independent non-executive Directors, namely Mr Tang Tin Sek and Mr Cheung Ming Man, were appointed the members of the Committee. Written terms of reference specifying the Committee's authority, responsibilities and specific duties were also approved and adopted on the same date. In March 2001, Mr Cheung Ming Man was appointed as executive Director of the Company and was in turn resigned as the member of the Committee. Meanwhile, Mr Ko Ming Tung, Edward was appointed as independent non-executive Director and member of the Committee.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Tong Nai Kan

Chairman and Managing Director

Hong Kong, 4th April 2001